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ST. TAMMANY PARISH LIBRARY

Annual Financial Statements

December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

6/18/08

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Independent Auditor's Report

To the Board of Control
St. Tammany Parish Library

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Library (the Library), a component unit of the St. Tammany Parish Council, as of December 31, 2007, and for the year then ended, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the St. Tammany Parish Library as of December 31, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2008, on our consideration of the St. Tammany Parish Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 through 8 and the budgetary comparison schedule identified on page 26 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

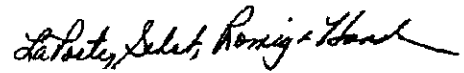
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Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the St. Tammany Parish Library's basic financial statements. The accompanying information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the St. Tammany Parish Library. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

March 27, 2008

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

St. Tammany Parish Library
310 West 21st Avenue
Covington, LA 70433

Management's Discussion and Analysis



Prepared by: Donald K. Westmoreland

ST. TAMMANY PARISH LIBRARY

Management's Discussion and Analysis

Overview

The following financial analysis is from the perspective of the management of the St. Tammany Parish Library (the Library). This narrative will focus on the financial activity for the calendar year that ended on December 31, 2007. The financial performance is discussed and analyzed within the context of the accompanying financial statements.

Financial Highlights

- ✓ The St. Tammany Parish Library's assets exceeded its liabilities by \$10,385,894 (net assets for the calendar year reported).
- ✓ Total assets are comprised of the following:
 1. Capital assets of \$1,553,670 include property, equipment, and books, net of accumulated depreciation.
 2. Current assets of \$9,332,149 represent the portion available to maintain the Library's continuing obligations to the citizens and creditors.
- ✓ The net assets of the St. Tammany Parish Library showed an 18.1% increase (\$1,595,402) over the prior year.
- ✓ Overall, for the current level of public funding with current facilities, the St. Tammany Parish Library is in a good financial position. In late fall we leased a small 2400 square foot facility on Highway 22 West of Madisonville. In the spring of 2008, it will help us restore library service in the Madisonville area and SW St. Tammany Parish.
- ✓ Mayor Peter Gitz, the Madisonville town council and concerned citizens of Madisonville have been working with the Library Board of Control and Parish government to reach an agreement, which will exchange the abandoned library facility for land adjacent to the Martine Museum. Once achieved, we will have the site for a new 15,000 square foot facility, which will serve the 40,000 people in Madisonville and SW St. Tammany Parish.
- ✓ In the past year, the voters of St. Tammany Parish renewed our current 6.33 millage for an additional 15 years. With a 30% turnout, the voters voted 64% 'Yes' to 36% 'No'. The renewal now allows the library the opportunity to dedicate a small portion of our revenue for capital projects. The extended period gives the library stable income for the next 17 years, which makes it possible to sell and retire bonds over an extended period. This relief will enhance the Library Board's opportunities to make sounder financial choices. Though there is no chance to support a needed massive building program, the Library Board is no longer bound to rent future facilities.

ST. TAMMANY PARISH LIBRARY

Management's Discussion and Analysis

- ✓ In 2005, the State Library of Louisiana ranked St. Tammany Parish 48th in per capita expenditure for public libraries in the state. In 2006, we fell to 51st place out of 67 library systems within the state. The State Library reported we spent \$18.65 a person in per capita spending - almost \$10.00 less than the state average (\$28.20) and about \$ 12.00 less than the national average for the year. East Carroll Parish, Louisiana's poorest parish spends \$31.09 per person and ranks 20th in our state. Other parishes around us are even worse in per capita expenditure category - New Orleans Public - 64th, Washington Parish - 62nd, and Tangipahoa Parish - 61st.
- ✓ Space continues to be our most pressing problem. Much of the work of 2007 will be completed in 2008. Those projects will restore some space we lost during Hurricane Katrina. These steps are a beginning, which will require a lot of work over the next decade by the Library Board and Staff, our Library Friends and supporters. All of us must continue to inform the citizens about the evolving vital role the public library plays in America. It is critical for the public to understand that the lack of space in our facilities creates inequities in service in some parts of our parish as well as rations what part of our community we can serve at any one time. Once people know the facts, we are convinced our citizens will not want their library system compromised for a lack of space. Like our school system, we believe they value its role as an important part of the educational system. Everyday, more so during times of a bad economy or after a natural disaster, our libraries are an instinctive friendly gather places for the community where quality information can be logically disseminated. Building proper buildings is a legacy, which will insure the library system will continue to be a community asset, which will enrich the lives of St. Tammany citizens for generations to come.

Independent Auditor's Report

Annually, the St. Tammany Parish Library Board of Control hires an independent firm to audit the Library's financial statements. The annual Library report is forwarded to the Parish Government and becomes part of their annual audit report.

ST. TAMMANY PARISH LIBRARY**Management's Discussion and Analysis****Statement of Government Activities Chart**

	2007		2006	
Revenues				
Taxes:				
Property Tax	\$ 6,430,548	87.81 %	\$ 5,827,967	85.46 %
State Revenue Sharing	208,920	2.85	200,574	2.92
Other Income:				
Fines and Fees	129,039	1.76	127,689	1.88
Grants	319,954	4.37	381,636	5.60
Interest from Investments	182,249	2.49	120,159	1.76
Miscellaneous	52,223	0.71	162,181	2.38
	7,322,933	100.00	6,820,206	100.00
Expenses	5,727,531	100.00 %	5,272,628	100.00 %
Change in Net Assets	1,595,402		1,547,576	
Net Assets - Beginning	8,790,492		7,242,916	
Net Assets - Ending	\$10,385,894		\$ 8,790,492	

Explanation of the Government Activities Chart

This chart shows that the bulk of the St. Tammany Parish Library's revenue is generated by the 6.33 mills of a property tax dedicated to the Library's operation by the citizens of St. Tammany Parish. State revenue sharing, though a small percentage, is normally the second greatest source of revenue, this year grants are number two. Fines and fees charged to our patrons add very little to the revenue pie. Interest is earned on the balance of unused funds. The bulk of the tax revenue is usually collected within the first four months of a calendar year. Whatever revenue that is not needed early in the year is invested and is used to pay expenses that occur later in the year. Next year we should see a drop in interest income. Investment income is received later in the year as financial instruments mature. Cash gifts to the Library are often given in small donations in memory of another person.

Government activities are actually the expense of running the Library. Those expenses include: employee salaries and benefits, professional services, utilities, supplies, books and other library materials, maintenance and upkeep of buildings and grounds, computers and other equipment. The State Library continues to share the cost of paying for the library's network and internet charges. The Library is now paying for connectivity from Covington/Headquarters to our branches. The State Library continues to supplement the Library's material budget with online database access and an inter-library loan system.

ST. TAMMANY PARISH LIBRARY

Management's Discussion and Analysis

Summary of Net Assets				
	2007		2006	
		Percentage of Total		Percentage of Total
Assets				
Current Assets	\$ 9,332,149	85.7 %	\$ 7,925,689	84.9 %
Capital Assets	1,553,670	14.3	1,413,230	15.1
Total Assets	\$ 10,885,819	100.0 %	\$ 9,338,919	100.0 %
Liabilities				
Current Liabilities	\$ 499,925	100.0 %	\$ 548,427	100.0 %
Net Assets				
Investment in Capital Assets, Net of Related Debt	\$ 1,553,670	15.0 %	\$ 1,413,230	16.1 %
Unrestricted	8,832,224	85.0	7,377,262	83.9
Total Net Assets	\$ 10,385,894	100.0 %	\$ 8,790,492	100.0 %

Current assets include a receivable for the annual property tax assessment, the Library's investment assets plus the cash on hand. Capital assets total includes the cost of land, and the net depreciation value of assets such as our books, vehicles, and computers, etc.

Current liabilities represent the value of obligations that are due within the next year. For instance, obligations to our medical plan or paying off the balance of employee leave are examples of such obligations. Long-term liabilities are obligations, which are due beyond one calendar year.

The St. Tammany Parish Library's total net assets of \$10,385,894 are the difference between total assets of \$10,885,819 and total liabilities of \$499,925.

Capital Assets

Capital assets - net increased from \$1,413,230 to \$1,553,670. This was the result of \$721,465 in capital additions and \$581,025 in depreciation.

Contacting the St. Tammany Parish Library's Financial Management

This financial report is designed to provide a general overview of the St. Tammany Parish Library's finances; comply with finance-related laws and regulations; and demonstrate the Library's commitment to public accountability. If you have questions about this report or would like additional information, contact Donald K. Westmoreland, Assistant Director and Chief Financial Officer of the St. Tammany Parish Library, 310 West 21st Avenue, Covington, LA 70433.

BASIC FINANCIAL STATEMENTS
GOVERNMENT WIDE FINANCIAL STATEMENTS

ST. TAMMANY PARISH LIBRARY
Statement of Net Assets
December 31, 2007

	Governmental Activities
Assets	
Certificate of Deposit	\$ 750,000
Investments	1,988,250
Receivables - Ad Valorem Taxes	6,381,359
Receivables - Revenue Sharing	208,920
Other Receivables	1,639
Deposits	1,981
Capital Assets (Net of Accumulated Depreciation)	<u>1,553,670</u>
Total Assets	<u>10,885,819</u>
Liabilities	
Bank Overdraft Payable	68,142
Accrued Expenses	143,732
Accrued Salaries	41,312
Claims Payable	12,127
Compensated Absences	<u>234,612</u>
Total Liabilities	<u>499,925</u>
Net Assets	
Invested in Capital Assets	1,553,670
Unrestricted	<u>8,832,224</u>
Total Net Assets	<u><u>\$ 10,385,894</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY
Statement of Activities
For the Year Ended December 31, 2007

Activities	Expenses	Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets Governmental Activities
Governmental Activities			
Library	<u>\$ 5,727,531</u>	<u>\$ 319,954</u>	<u>\$ (5,407,577)</u>
General Revenues			
Taxes -			
Property Taxes			6,430,548
State Revenue Sharing			208,920
Fines and Fees			129,039
Miscellaneous			52,223
Interest and Investment Earnings			<u>182,249</u>
Total General Revenues			<u>7,002,979</u>
Change in Net Assets			1,595,402
Net Assets, Beginning of Year			<u>8,790,492</u>
Net Assets, End of Year			<u>\$ 10,385,894</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUND

ST. TAMMANY PARISH LIBRARY
Balance Sheet
Governmental Fund
December 31, 2007

	General Fund
Assets	
Certificate of Deposit	\$ 750,000
Investments	1,988,250
Receivables - Ad Valorem Taxes	6,381,359
Receivables - Revenue Sharing	208,920
Other Receivables	1,639
Deposits	<u>1,981</u>
Total Assets	<u><u>\$ 9,332,149</u></u>
Liabilities	
Bank Overdraft Payable	\$ 68,142
Accrued Expenses	143,732
Accrued Salaries	41,312
Claims Payable	<u>12,127</u>
Total Liabilities	<u>265,313</u>
Fund Balance	
Fund Balance	
Unreserved	<u>9,066,836</u>
Total Fund Balance	9,066,836
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,553,670
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(234,612)</u>
Net Assets of Governmental Activities	<u><u>\$ 10,385,894</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY
Statement of Revenues, Expenditures, and Change in Fund Balance
Governmental Fund
For the Year Ended December 31, 2007

	General Fund
Revenues	
Ad Valorem Taxes	\$ 6,430,548
Grants	279,946
Revenue Sharing	208,920
Earnings on Investments	182,249
Fines and Fees	129,039
Miscellaneous	52,223
Donations	<u>40,008</u>
Total Revenues	<u>7,322,933</u>
Expenditures	
Personnel Services	3,434,227
Operating Services	1,353,691
Capital Expenditures	<u>1,067,433</u>
Total Expenditures	<u>5,855,351</u>
Excess of Revenues Over Expenditures	1,467,582
Fund Balance, Beginning of Year	<u>7,599,254</u>
Fund Balance, End of Year	<u><u>\$ 9,066,836</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY
Reconciliation of the Statement of Revenues,
Expenditures, and Change in Fund Balance of Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2007

Amounts reported for governmental activities in the Statement of Activities
are different because:

Net change in Fund Balances - Total Governmental Fund	\$1,467,582
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	140,442
Change in Compensated Absences Payable	<u>(12,622)</u>
Change in Net Assets of Governmental Activities	<u>\$1,595,402</u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of the St. Tammany Parish Library (the Library) conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies:

Reporting Entity

The Library was established by the Parish of St. Tammany (the Parish) governing authority, under the provisions of Louisiana Revised Statute 25:211. The Library is governed by a Board of Control, which is appointed by the Parish Council. Effective January 1, 1989, the administrative and accounting functions for the Library were transferred to the Board of Control under the provisions of Louisiana Revised Statute 25:215(b)(9); these functions were previously provided by the Parish. During 2007, the Library maintained thirteen branches and an administrative facility, which provide citizens of the Parish access to library materials, books, magazines, compact discs, films and the Internet.

As the governing authority of the Parish, for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (parish council) (b) organizations for which the primary governments are financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The Library is a component unit of the Parish because the Parish Council appoints all members of the Library and, as such, is financially accountable for the Library. The accompanying financial statements present information only on the funds maintained by the Library and do not present information on the parish council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying basic financial statements of the St. Tammany Parish Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. *The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Library. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund.

Fund Financial Statements (FFS)

The Library uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Library functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The General Fund of the Library is classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Library or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The Library reports the following major governmental fund:

The General Fund is the primary operating fund of the Library. It accounts for all the financial resources except those that are required to be accounted for in other funds.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus / Basis of Accounting

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and change in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which are recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Budget

The Library Board adopted a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Library Board. Budgeted amounts included in the accompanying financial statements include all amendments. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end. The General Fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The Library amended its budget during 2007. These amendments are reflected in the budget comparisons in this report.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Library may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days, however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value.

Long-Term Obligations

In government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. At December 31, 2007, the Library had no long-term obligations.

Capital Assets

All fixed assets are recorded at historical costs. Depreciation of all exhaustible fixed assets is charged as an expense against their operations.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The Library capitalizes equipment in excess of \$2,500 and improvements in excess of \$25,000. The Library capitalizes all books and other items except for periodicals. The following estimated useful lives and methods are used to compute depreciation:

Books	5 Years	Straight Line
Vehicles	5 Years	Straight Line
Furniture and Equipment	10 Years	Straight Line
Computers	5 Years	Straight Line
Building Improvements	20 Years	Straight Line

Depreciation expense amounted to \$581,025 for the year ended December 31, 2007.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Library's policy is to apply restricted net assets first.

Note 2. Ad Valorem Taxes

Property taxes for the operations of the Library are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed as of January 1, 2004. Taxes are due and payable December of the following year.

Note 3. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at December 31, 2007:

Demand Deposits (Bank Overdraft)	<u>\$ (68,142)</u>
----------------------------------	--------------------

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2007, the Library has \$834,367 in deposits, including Certificates of Deposit of \$750,000 (collected bank balances). These deposits are secured from risk by \$100,000 in federal deposit insurance and \$734,367 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 4. Capital Assets

Capital assets activity for the year ended December 31, 2007, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated:				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Capital Assets Being Depreciated:				
Books	8,431,388	630,406	(502,719)	8,559,075
Vehicles	115,746	91,059	-	206,805
Computers	642,726	-	-	642,726
Building Improvements	328,062	-	-	328,062
Furniture and Equipment	312,820	-	-	312,820
Total Capital Assets Being Depreciated	9,830,742	721,465	(502,719)	10,049,488
Less Accumulated Depreciation for:				
Books	(7,491,677)	(527,072)	502,719	(7,516,030)
Vehicles	(105,596)	(6,630)	-	(112,226)
Computers	(593,926)	(11,134)	-	(605,060)
Building Improvements	(153,728)	(16,403)	-	(170,131)
Furniture and Equipment	(272,585)	(19,786)	-	(292,371)
Total Accumulated Depreciation	(8,617,512)	(581,025)	502,719	(8,695,818)
Total Capital Assets Being Depreciated - Net	1,213,230	140,440	-	1,353,670
Capital Assets - Net	\$ 1,413,230	\$ 140,440	\$ -	\$ 1,553,670

Note 5. Self-Insurance

The Library participates in the self-insurance fund of its primary government, the St. Tammany Parish Council, for coverage of property, contents and general liability.

The Library has established a self-insurance medical plan for its employees and their covered dependents. The Plan administrator, FARA Benefit Services, is responsible for the approval, processing and payment of claims. The administrator is also responsible for actuarially determining the needed funding of the plan. The plan provides health benefits up to a \$1,000,000 lifetime maximum per covered person. All full-time employees who are regularly scheduled to work at least twenty-eight hours per week and their eligible dependents are eligible for the plan.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 5. Self-Insurance (Continued)

The Plan is accounted for in the general fund of the Library. The cost of claims is recorded as an expense when the claims arise. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

Claims liabilities include an amount for claims that have been incurred but not paid as of December 31, 2007. These liabilities are reported at their present value of \$12,127. Changes in the balances of claims liabilities during the years ended December 31, 2007, 2006 and 2005, respectively, were as follows:

	2007	2006	2005
Beginning of Year Liability	\$ 31,133	\$ 58,481	\$ 44,797
Claims and Changes in Estimates	337,760	278,560	177,923
Claims Payments	(356,766)	(305,908)	(164,239)
Balance at Fiscal Year-End	\$ 12,127	\$ 31,133	\$ 58,481

A stop-loss insurance contract executed with an insurance carrier covers aggregate claims in excess of \$292,875 and claims in excess of \$25,000 per single employee, per year. The amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

Note 6. Pension Plan

Substantially all full time employees of the Library are members of Plan A of the State Parochial Employees Retirement System of Louisiana (the Plan). The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by a separate board of trustees.

All permanent employees working at least 28 hours per week and who are paid wholly or in part from Library funds are eligible to participate in the Plan. Employees who retire at or after age 60 with at least ten years of credited service, at or after age 55 with 25 years of credited service, or at any age with at least 30 years of credited service, are entitled to a retirement benefit. This benefit is payable monthly for life and is equal to 3 percent of their final average salary for each year of credited service. Final average salary is the employee's average salary over the 36 consecutive or joined months which produce the highest average.

Employees who terminate with at least the amount of credited service stated previously, and who do not withdraw their employee contributions, may retire at the age specified previously and receive the benefit accrued to their date of termination. The Plan also provides death and disability benefits. Benefits are established by state statute.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 6. Pension Plan (Continued)

Contributions to the Plan include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish except Orleans and East Baton Rouge parishes. For the year ended December 31, 2007, State statute required employees to contribute 9.50 percent of their salary to the Plan, and the Library must contribute 13.25 percent of the taxable wages of each employee as an employer match. As provided by LRS 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior year.

The Library's contributions to the Plan for the years ended December 31, 2007, 2006 and 2005, were \$305,937, \$268,036, and \$255,749, respectively. These amounts were equal to the required contributions each year.

The Plan issues an annual publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Parochial Employees Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana, 70898-4619, or by calling (225) 928-1361.

Note 7. State Revenue Sharing

State revenue sharing is an arrangement whereby local governments are reimbursed by the State for Ad Valorem taxes not billed due to the homestead exemption.

The Library recognized revenue from state revenue sharing of \$208,920 for the year ended December 31, 2007. Receivables for state revenue sharing for the year ended December 31, 2007, were \$208,920.

Note 8. Operating Leases

The Library leases the Causeway Branch in Mandeville, its new reference center and Black River Branch and its technical services building. These leases have been classified as operating leases and, as such, rental payments have been recorded as an operating expenditure. Total rent expense for the year ended December 31, 2007, was \$154,086. Future minimum lease payments are as follows:

2008	\$ 179,565
2009	179,565
2010	166,744
2011	54,552
2012	37,470
2013 - 2014	<u>127,104</u>
Total	<u>\$ 745,000</u>

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 9. Investments

As of December 31, 2007, the Library had the following investments:

Investment	Maturity	Fair Value
U.S. Treasury Bill	2/28/2008	\$ 497,310
U.S. Treasury Bill	3/06/2008	<u>1,490,940</u>
Total		<u>\$1,988,250</u>

Interest Rate Risk. The Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 10. Compensation of Board Members

No compensation was paid to board members for the year ended December 31, 2007.

Note 11. Deferred Compensation Plan

Certain employees of the Library participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

ST. TAMMANY PARISH LIBRARY
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2007

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Ad Valorem Taxes	\$5,035,000	\$5,750,000	\$ 6,430,548	\$ 680,548
Revenue Sharing	186,000	208,920	208,920	-
Fines and Taxes	125,000	125,000	129,039	4,039
Grants	60,000	60,000	279,946	219,946
Earnings on Investments	80,000	140,000	182,249	42,249
Miscellaneous	7,200	214,000	52,223	(161,777)
Donations	50,000	50,000	40,008	(9,992)
Total Revenues	5,543,200	6,547,920	7,322,933	775,013
Expenditures				
Personnel Services	3,312,000	3,464,000	3,434,227	29,773
Operating Services	1,015,300	1,834,310	1,353,691	480,619
Capital Services	1,102,000	1,226,000	1,067,433	158,567
Total Expenditures	5,429,300	6,524,310	5,855,351	668,959
Excess of Revenues Over Expenditures	\$ 113,900	\$ 23,610	1,467,582	\$ 1,443,972
Fund Balance, Beginning of Year			7,599,254	
Fund Balance, End of Year			\$ 9,066,836	

OTHER SUPPLEMENTAL INFORMATION

ST. TAMMANY PARISH LIBRARY
Schedule of General Fund Expenditures
For the Year Ended December 31, 2007

Personnel Services	
Salaries and Wages	\$ 2,642,004
Health Trust	305,994
Retirement	305,937
Health Insurance	107,469
Medicare Tax	58,170
Workers' Compensation	14,653
Total Personnel Services	\$ 3,434,227
Operating Services	
Custodial, Grounds and Lawn	\$ 194,452
Electricity	173,832
Building Lease	157,145
Repairs and Maintenance	140,342
Insurance	123,126
Telephone	88,184
Plumbing, Heating, and Air Conditioning	52,631
Travel and Conventions	51,899
Summer Reading Program	40,734
Book Preparation	40,037
Advertising, Promotional, and Signage	32,733
Office Supplies	30,801
Adult Programming	26,185
Gas and Water	22,364
Legal and Professional	21,775
Election	18,494
Fuel and Lube	17,294
Printing	15,826
Pest and Termite Control	15,225
Security	14,538
Maintenance Supplies	11,398
Postage	8,412
Assessor	7,456
Consultants	6,314
Young Adult Programming	6,306
Programming Supplies	6,054
Patron Cards	5,464
Family History Center Expenses	5,075
Carpet Cleaning	4,740
Sanitation	4,235
Computer/Printer Supplies	3,944
Bank Charges	3,569
Architectural	1,200
Walker Percy Symposium	1,065
Membership Dues	842
Total Operating Services	\$ 1,353,691

ST. TAMMANY PARISH LIBRARY
Schedule of General Fund Expenditures (Continued)
For the Year Ended December 31, 2007

Capital Expenditures	
Adult Books	\$ 267,137
Juvenile Books	102,376
Reference	97,244
Audio Recordings	93,818
Vehicle	91,059
Video Recordings	77,138
Internet Database	72,059
Compact Disc Rom	40,287
Periodicals	34,289
Office Equipment and Furniture	30,130
Young Adult Books	27,446
Black River Materials	25,636
Genealogy	18,262
Integrated Library Automation System	49,968
Landscaping	19,850
Microfilm	11,992
Audio/Visual Equipment	6,602
Telephone and Telephone Systems	2,140
	<hr/>
Total Capital Expenditures	<u><u>\$ 1,067,433</u></u>

ST. TAMMANY PARISH LIBRARY**Schedule of Governing Board
December 31, 2007**

<u>Board of Control</u>	<u>Term of Office</u>	<u>Compensation</u>
Barbara Morgan 63239 N. Sun Moore Road Pearl River, LA 70452	December 31, 2008	-0-
Dr. Argiro Morgan 103 Brandon Place Mandeville, LA 70471	December 31, 2008	-0-
Meg Cammatte 47 Lurline Drive Covington, LA 70433	December 31, 2008	-0-
Silvia Muller 109 Maple Ridge Way Covington, LA 70433	December 31, 2008	-0-
Kristen Scott 61202 W. Springmill Drive Lacombe, LA 70445	December 31, 2008	-0-
James D. Scroggins 34635 Edgar Kennedy Road Pearl River, LA 70452	December 31, 2008	-0-
Bob Wilson 69326 Sixth Avenue Covington, LA 70433	December 31, 2008	-0-



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Control
St. Tammany Parish Library

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Library (the Library), a component unit of the St. Tammany Parish Council, as of December 31, 2007, and for the year ended, which collectively comprise the Library's basic financial statements and have issued our report thereon dated March 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered St. Tammany Parish Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Tammany Parish Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Tammany Parish Library's internal control over financial reporting.

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Tammany Parish Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



A Professional Accounting Corporation

March 27, 2008